

House Study Bill 541

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the limit on tax credits available for
2 renewable energy research activities.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5484XD 82
5 tw/rj/5

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1 1 Section 1. Section 15.331A, unnumbered paragraph 1, Code
1 2 2007, is amended to read as follows:
1 3 The eligible business shall be entitled to a refund of
1 4 ninety percent of the sales and use taxes paid under chapter
1 5 423 for gas, electricity, water, or sewer utility services,
1 6 goods, wares, or merchandise, or on services rendered,
1 7 furnished, or performed to or for a contractor or
1 8 subcontractor and used in the fulfillment of a written
1 9 contract relating to the construction or equipping of a
1 10 facility of the eligible business. Taxes attributable to
1 11 intangible property and furniture and furnishings shall not be
1 12 refunded. However, an eligible business shall be entitled to
1 13 a refund for taxes attributable to racks, shelving, and
1 14 conveyor equipment to be used in a warehouse or distribution
1 15 center subject to section 15.331C.

1 16 Sec. 2. Section 15.331C, subsection 1, Code 2007, is
1 17 amended to read as follows:

1 18 1. An eligible business may claim a corporate tax credit
1 19 in an amount equal to ninety percent of the sales and use
1 20 taxes paid by a third-party developer under chapter 423 for
1 21 gas, electricity, water, or sewer utility services, goods,
1 22 wares, or merchandise, or on services rendered, furnished, or
1 23 performed to or for a contractor or subcontractor and used in
1 24 the fulfillment of a written contract relating to the
1 25 construction or equipping of a facility of the eligible
1 26 business. Taxes attributable to intangible property and
1 27 furniture and furnishings shall not be included, but taxes
1 28 attributable to racks, shelving, and conveyor equipment to be
1 29 used in a warehouse or distribution center shall be included.
1 30 Any credit in excess of the tax liability for the tax year may
1 31 be credited to the tax liability for the following seven years
1 32 or until depleted, whichever occurs earlier. An eligible
1 33 business may elect to receive a refund of all or a portion of
1 34 an unused tax credit.

1 35 Sec. 3. Section 15.335, subsection 1, unnumbered paragraph
2 1 1, Code Supplement 2007, is amended to read as follows:

2 2 An eligible business may claim a corporate tax credit for
2 3 increasing research activities in this state during the period
2 4 the eligible business is participating in the program. For
2 5 purposes of this section, "research activities" includes the
2 6 development and deployment of innovative renewable energy
2 7 generation components manufactured or assembled in this state.
2 8 For purposes of this section, "innovative renewable energy
2 9 generation components" does not include a component with more
2 10 than two hundred megawatts of installed effective nameplate
2 11 capacity. The tax credits for innovative renewable energy
2 12 generation components shall not exceed ~~one~~ two million dollars
2 13 per fiscal year.

EXPLANATION

2 15 This bill relates to certain tax credits available as part
2 16 of the high quality job creation program and the enterprise
2 17 zone program. The bill raises the available research
2 18 activities tax credits for renewable energy generation
2 19 components from an aggregate amount of \$1 million to an annual

2 20 amount of \$2 million per fiscal year.
2 21 The bill reduces the percentage of certain sales and use
2 22 tax refunds and corporate tax credits to eligible businesses.
2 23 LSB 5484XD 82
2 24 tw/rj/5.1